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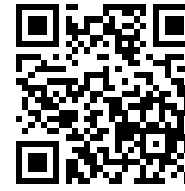

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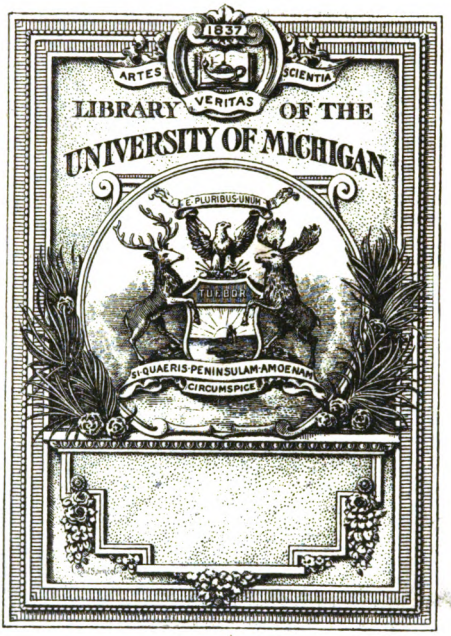

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CHINESE CURRENCY.

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BY

J. EDKINS, D.D.

LONDON:
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1890.

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THE principal Chinese works which have been made use of in writing these essays on Chinese Currency are the following :—

Shih-chi, of Sz-ma-chien, B.C. 100.

Han-shu, of Panku, A.D. 80.

Sung-shih, History of the Sung dynasty, about A.D. 1300.

Chin-shih, History of Golden dynasty, written about A.D. 1300.

Yuen-shih, History of the Mongol dynasty.

Mung-chi-pi-tan, by Shên-kwo, about A.D. 1090.

Wen-hsien-t'ung-k'ao, Cyclopædia of 13th century.

Pei-wen-yün-fu, Dictionary of Citations of the reign of Kang Hsi.

Yuen-chien-lei-han, Cyclopædia of the same reign.

Ching-shih-wen, a collection of memorials and essays by official persons of the present dynasty, published about sixty years ago.

Ching-shih-wen-hsü-pien, a supplement to the preceding, and consisting of memorials and essays by official persons during the last sixty years. Recently collected and published at Shanghai.

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CHINESE CURRENCY.

PAPER AND SILVER CURRENCY.

THE use of seals had extended much in China about two centuries after Christ and this led gradually to stamping silk and skin for various purposes. Just at that time the manufacture of paper was introduced from the West and it was found to be an article capable of many common uses. This led the Taoists for example to multiply charms rapidly by stamping them on paper to sell to the superstitious, either to hang on their doors or to carry with them when travelling. Commercial accounts were written on paper for convenience, and merchants and shopkeepers provided themselves with seals for stamping. They came into the habit also of stamping the paper before or after they wrote their figures upon it. This was the state of things when the establishment of the Caliphate on the Euphrates gave an impetus to eastern trade. The Chinese in the eighth and ninth centuries made much more silk than before for foreign countries. The spread of the silk manufacture in Western regions did not put an end to the demand for the silk goods of China or for the unwoven silk. Neither Europe nor Western Asia could manufacture enough of their own silk to meet the demands of the market. The historian Robertson says of this period that the silk of China was purchased in Shensi the westernmost province of that empire, and conveyed thence by caravan in a march of eighty or a hundred days to the banks of the Oxus, where it was embarked and carried down the stream of that river to the Caspian. After a dangerous voyage across that sea and ascending the river Cyrus as far as it is navigable, it was conducted by a short land carriage of five days to the river Phasis which falls into the Black Sea. Thence it was taken by ship to Constantinople. While such was the activity of trade by land there would naturally be a corresponding expansion of seaborne traffic from the seaports of China to India and farther west. The three centuries of the Tang dynasty at the same time gave opportunity to home commerce to grow in proportion. Trade flourishes when an empire is at peace. If was these circumstances combined which led to the invention of paper money in the Tang dynasty, and it was to the Chinese merchants and statesmen particularly of the ninth century that the credit is due in the first instance of employing paper money in the form of drafts payable at certain cities.

Those who wish to master this subject will find much to interest them in Vissering's work which received the Julien prize a few years ago. During the present year the Peking Oriental Society has published a paper, (taken chiefly from a work by Wang-liu published in 1831) by the lamented Japanese Minister to China, Shioda Saburo, on the same subject. This paper is of very great value. It brings out clearly the point that silver was not employed as money before the Tang dynasty, and that it was then introduced. Reference is here made to the work called *Ji Chi-lu* by Ku Yen-wu* who died two centuries ago, where it is said that before the Tang dynasty copper cash was the medium of exchange between government and people, and silver had never come into use. At that time silver was already introduced in South China, meaning by that term Canton and Kuangsi. It is a curious fact that at about A.D. 500 according to Chinese history as examined by Ku Yen-wu

* See Wang Liu's work 鈔幣芻言 *Ch'au-pi-chu-yen.*

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there were in regard to money circulation three belts of country. In the extreme south, gold and silver were in use, Canton being the centre of trade. In middle China all along the Yangtse into Szechuan, copper cash were used everywhere as the medium of exchange. All this belt of territory with Canton, Kuangsi and Tongking were then ruled from Nanking as the centre. In the North, which was under Tartar administration, copper cash and grain were employed as a double medium of exchange. The effect of Tartar control was to favour barter and keep back the onward advance of monetary conveniences. Even now soldiers are paid in grain when they are upon the old *régime*, but the new drilled troops are paid in silver. It is noticeable here that silver began to be a currency in South China first and at a time when China sent her prefects regularly to rule in Cochin-Chinese and Cambodian cities. Gold in ancient China was much used on account of its great abundance. But silver began to enter China because it is produced abundantly in Burma and because it was a circulating medium in India and further west. The silver which circulated by weight in Canton in A.D. 500 would be partly Burmese and partly what Arabian merchants and others brought from distant ports. The Arabian trade would certainly have a share in the introduction of silver by weight into the commerce of China in its southern provinces. We find many proofs of the activity of the Arab merchants from the Han dynasty downwards. This is probably another instance of it. The Mei-ling mountains on the north of Canton province at that time separated the belt of country which traded by weight from the belt of country which traded with the help only of copper coins, and this was noticed by the celebrated author Han Wên-kung in a memorial he sent to the Emperor about A.D. 800. Yuen Chen, another great statesman, mentioned at about the same time that salt and pieces of silk were used as money in Szechuan. Cinnabar and quicksilver, he added, were used as money in Kuangsi, as also pieces of cloth and silk. At that time any valuable article which had a known price in the market could be bartered like coins elsewhere. It was in this way that silver came into extensive use. It was of a fixed value according to weight and the silver mines of Burma made it very convenient when the influence of the Chinese Government extended to that region. Another step in the use of silver was taken when in A.D. 1035 it was commanded that the provinces of the empire should not in future be expected to pay taxes in the same form. Most portions of the empire would pay in copper cash. Fukien, Canton, and Kuangsi might send silver, Kiangsu and Chêkiang could contribute silk. This is the first instance of the payment of taxes in silver being recognised in an edict and it was 854 years ago. Since that time the influence of silver has been increasing to the present day, for during this century the change of grain to silver in the contributions of the people to the expense of the Government has in many localities been made for the first time. A change back again from silver to grain or from silver to copper is never known.

For eight centuries the use of silver by weighing it, as a circulating medium, has been increasing in China and it has known no check but the introduction of the dollar. The dollar, however, has only perhaps represented in the amount of its circulation a contemporaneous growth of new trade. The sycee in use as money has certainly not diminished in quantity on account of the large import of Mexican dollars which China now requires, for these dollars, when cheap, are often melted down into sycee. A thousand years ago the people in central China kept their accounts in copper cash, which at that time would in the market procure a much larger amount of clothing and provisions than now, and the inconvenience of copper on account of its relative

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weight would not be so much felt. They did not then change cash into silver in totalling up their daily and annual entries, because the change from copper to silver as a standard of value had not yet been made. Arabian trade brought to China the use of silver by weight as European trade at a later period brought the dollar. In both cases the flow of silver has been traceable from south to north in successive zones of country. The convenience of a paper currency made itself felt much sooner in China than in any other country because of the early use of engraved seals, the immense internal trade, and the commercial instinct of the people.

WANT OF CONTROL OVER THE CIRCULATING MEDIUM.

About sixty years ago a student of Chinese history in Soochow made some deep researches into the question of the currency. The currency was then becoming more and more out of the reach of government control. Foreign trade was increasing. The government had for nearly two centuries left silver to work its own way as money paid by weight, and received it in payment of taxes from each *arrondissement*. Only the copper cash were issued by the government. For silver there was no mint and never had been but once, and that for a short time, yet this metal had grown to be one of the most important elements in domestic as well as foreign trade. It was the same with paper. Paper notes representing money were issued by private capitalists in all large cities, and the government had no interest in them. Their success as a circulating representative of silver was entirely at the risk of the native bank. Silver and paper both represented money in all the large transactions of trade. The small market negotiations in copper cash which belong to the daily life of the people, and which, while as transactions they are counted by millions, are always small in bulk, were the only trading operations of which the government issued the circulating medium. How strikingly different was this state of things from that which exists in the West, where gold, silver, copper, nickel, and stamped paper are all issued by the governments as money. Our author knew nothing of this, of course, but he was still able to cast his eye over a wide range of financial facts. China had had a long history of financial experiments and a succession of prosperous and disappointing experiences. With the national annals before him, each dynasty having its special chapter on finance, it never struck him that China was, or could be, deficient in financial knowledge or unable to meet the new conditions of the time. He attempted to shew that a change in policy was required in finance, and the conclusion he arrived at, and which he tried to prove by argument, was that a government paper currency ought to be again issued and the use of silver prohibited. The people should attend to agriculture rather than to trade. This was their proper occupation, and would lead them to a spirit of contentment. The circulating medium of trade ought to be in the hands of the prince as a source of revenue.

The reasons, he said, why the monarch cannot easily control the currency or derive revenue from it are fivefold. Coppersmiths melt coin because they wish to use the copper in making wash basins, tea kettles, and images of the gods. This is the first interference with the monarch's authority. In addition to this, lead and spelter are employed to make spurious coin in the furnaces of lawbreakers aiming at a little profit. This is the second interference; and the third is the extending use of foreign dollars. (It is worthy of remark that through the whole of his book the author, writing in 1831, makes no allusion to opium; yet it is unquestionable that the spread of Spanish dollars first and American dollars afterwards was very much connected with the opium trade. At the same time he makes no allusion to the silk or the tea trade. His point is

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simply that it is a loss to the Chinese Government not to have the profit arising from the control of the currency. As to commercial questions he seems to have no information, nor did he seek any.) His fourth reason why the government fails to derive benefit from the circulating medium is that the market price of silver is entirely in the hands of the merchants. He would like the government to regulate the currency by authority—not knowing that it is disastrous and vain for official authority to attempt to modify prices. China has learned many lessons since the day when this author lived. The fifth cause of the feebleness of the government in regard to the control of the money market is the fact that bank notes and bills of exchange are issued by private capitalists.

Our author's advice to the government was to make a law prohibiting the use of silver in money payments and at the same time restore the issue of government bank notes which had been so long discontinued. In his opinion this was the only policy by which the five evils from which the government suffered could be eradicated and the country made prosperous. In support of this view he appeals to the history of money in China. Ancient statesmen saw the propriety of drawing a revenue of cereal products from one locality, of textile fabrics from another, and of coined money from a third. They did not see the need of a large issue of coins, except occasionally, when floods and drought compelled the adoption of this expedient. Nor did finance ministers in very early times limit money to silver or to copper. Pearls and jade, tortoise shell and cowries, bundles of silk and grass-cloth, served as money in China's ancient markets. About B.C. 800 an old poem says "A simple looking lad, you were carrying cloth to exchange it for silk." The official master of the market, says the comment, stamped the cloth for use in barter, and it was two inches in width and 16 inches long. The author adduces this as classical authority for an issue of government bank notes. But as the poem mentions merely barter, and the explanatory remark is that of an author of A.D. 200, how can we know whether the market officer stamped the cloth or not? It may have been a simple case of barter. Whatever is meant it would scarcely be by stamping, for this mode of giving official validity was hardly in use so early. Why, for example, do we find that the cash of the C'hin dynasty, B.C. 220, were issued without any inscription upon them? Books tell us that the Han dynasty monarchs were the first to direct characters to be inscribed upon their coins. This practice commenced about B.C. 200 and was never afterwards neglected. He refers to another example—that of painted squares of white deer skin, which in the reign of Han Wu-ti were used as money. They were priced at four hundred thousand cash each, and were presented to the Emperor by the high nobility or by his relatives at the daily audiences or at high festivals, after which they could pass into circulation for the amount mentioned. At that time there was also a silver coinage, the silver being mixed with tin as an alloy, on account of the whiteness of that metal. This alloy of tin was doubtless intended to prevent all attempts at melting the imperial coins. The melter could only lose by the act, and if it was not worth his while he would not place the coins in his melting pot. This seems to be a clear historical instance of silver coinage lasting for a very short time. Neither the silver coins of Han Wu-ti nor the painted squares of white deer skin remained long in use; and the high value assigned to the deer skin would suggest that it was something like the million pound bank note of Samuel Rogers, which he displayed in the chimney piece of his breakfast parlour. It was more an object of admiration than of utility, in an age of luxury and gaudy show. As to the origin of paper currency in China, we must look to an age later than the Han dynasty.

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TEN REASONS FOR A PAPER CURRENCY.

In the Ming dynasty about A.D. 1,600 when the Board of Revenue was desirous to return to the use of paper money, the Governor of one of the provinces stated in a memorial what appeared to him to be the ten advantages of paper money. The first was that it could be manufactured at the capital of each province for use in that province. The second was that it could circulate widely. The third was that it could be carried with ease, being light. The fourth was that it could be readily kept in concealment. The fifth was that it was not liable to division like silver into different grades of purity. The sixth was that it did not need weighing, as was the case with silver, whenever it was used in a commercial transaction. The seventh advantage was that silversmiths could not clip it for their own nefarious profit. The eighth was that it was not exposed to the peering gaze of the thief's rapacity. The ninth was that if paper took the place of copper, and copper ceased to be used for making cash, there would be a saving in the cost of this metal to the government, or the copper saved could be used in manufacturing arms for the troops. The tenth advantage would be that if paper were used instead of silver, the silver might be stored up by the government.

Our author in citing these ten reasons for adopting a paper currency adds that the last two are defective. In adopting paper for the mercantile classes the copper coins would remain in use to meet the necessities of the common people. So also silver should continue to be used in making ornamental articles and head gear of various kinds. It would be a mistake to shut it up in the government treasury and prevent its being accessible to silversmiths. There is a fallacy lying hidden in our author's reasoning. He thought that the authority of the government was all that was essential to the successful establishment of a circulating medium, not reflecting that if paper were so employed there was need of a corresponding store of gold or silver in readiness to pay value for the notes if the people lost confidence in them and wished for their metallic equivalent. It did not strike him that the financial credit of the government bank can be sustained only by payment in gold or silver to discontented holders of paper. He thought only of supplying the demand for ornaments and not of a run on the treasury. In fact, China is too large a country and the merchants as a body too powerful by their numbers for the government to attempt successfully the prohibition of silver, nor can it refuse to allow the issue of paper money by private banks. The difficulty in establishing a national bank is found in the fact that the government cannot take better care of the interests of the mercantile classes than each private capitalist can do for himself, and in the difference which exists in the commercial conditions of the various provinces.

In the ten reasons for adopting a paper currency when it is suggested that each treasurer of a province should issue bank notes, it may well be asked why not leave native banks in possession of this privilege which is not only a benefit to themselves but to trade generally? It is certainly a great advantage to travellers that through the wide business connections of the Chinese bankers, bills of exchange may be bought in Shanghai and cashed in any of the provincial capitals of the empire. Both to native and foreigner this is an unquestioned benefit, and renders travelling ten-fold easier than if the silver had to be carried in the traveller's trunks. In the fifth and sixth reasons alleged for government paper currency the Chinese writer touches upon two patent and unanswerable objections to the present system. The silver is weighed at each transaction, and it is circulated in varying states of purity. The scales with which silver is weighed differ in each locality and the traveller feels himself outwitted. His money becomes less at each new point in his journey, and a

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general feeling of dissatisfaction with the currency grows upon him on his return; however, he would naturally become more reconciled to the tyranny of the scales had he silver left to weigh, for when he arrives again at places of large trade, his sycee weighs as much in proportion to bulk as before. The scale differs to allow the money changers in towns of small trade to pay their expenses, and when this is understood the indignation of the traveller sinks somewhat. But there is a worse trouble than the variation in scales. It is the variations in the purity of the silver. It becomes alloyed in many ways and is reduced to purity only by re-melting. Blacksmiths melt the silver and in all places of large trade there are assaying offices which certify the purity of silver for a small sum. Silver sent to Peking to represent taxes has cut into it by the treasurer of the province the name of the *arrondissement* from which it comes and of the blacksmith who melted it. Only silver of first purity is allowed to be sent to Peking. In this way the government indirectly aids in rendering the silver which is in circulation as money much more pure than it would otherwise be, but the introduction of new silver into the money market is the work of merchants alone. Also the law does in a direct way by statute undertake to protect silver from the incessant efforts of the unprincipled who for private profit in every possible way try to diminish its purity. But it is so hard to discover the evildoer that statutes are promulgated in vain and the owner of the metal is in fact only protected by the shroff and the assaying office. When it is considered how much impure silver is in circulation there does seem strong reason for a silver coinage. This would at once improve the standard and raise the average of purity. To reject the precious metals as currency because their purity is tampered with, in favour of paper would be a mistake. The cure for the evil is to maintain the efficiency of the statutes which aim at the punishment of crimes against the currency. Mexican dollars are now much more uniform in value than sycee silver, and the convenience of a coin is so great that it is remarkable that the Chinese government does not follow Japanese example and establish a mint.

THE ORIGIN OF PAPER CURRENCY IN SEALS.

THE introduction of paper currency in China is very closely connected with the ancient history of printing. Those native authors who have referred to early passages which speak of the employment of seals by officers to give a money value to certain articles as the real commencement of paper currency have done quite right. Grass cloth, silk, and paper all admit of an impression being made on them with ink or with vermilion. In fact, vermilion mixed with oil was perhaps the oldest printer's ink and the impression of the seal made of jade, copper, silver, gold or wood was, if we allow the word block to include stone and metal, the oldest block printing. The Chinese saw seals from Western Asia and they made them themselves with their own writing cut upon them to be used in giving validity to official documents, as also to employ them as amulets to protect them from imaginary evils. The seal was not only used to stamp charms, but the handle was a tortoise, a tiger, or some other emblem of longevity or power, in order that it might have a defensive effect against evil. These ideas imported from Western Asia with the seals were as willingly adopted by the Chinese for imitation as the more reasonable idea of employing the seal as a manifest proof of the genuineness of documents. Among the more important of the improvements introduced and additions made to the Chow legislation by the founder of the Ch'in dynasty was the extensive use of seals. The progressive spirit of that dynasty is unquestionable. This is shewn by the fact that many features of the Ch'in legislation were adopted by the Han

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Emperors. Among them was that of giving a seal to every officer. The silver seals now called Kuan-fang of officers of the 1st and 2nd rank, and the copper seals of Taotais are the continuation of an old rule which has come down from B.C. 221. The system has been found most useful because the seal was the sign of delegated authority, and of the fact that the viceroy instead of being himself a monarch was the representative of the imperial head of the state. The seal was the visible sign of the change from feudalism to centralisation. From that time it gradually became a fixed idea with the Chinese that they must have a seal impressed on every writing as a proof of property or genuineness. All scholars and firms at the present time have a seal, and seals are placed on books, drawings, and letters, to an extent which is quite remarkable. Since this custom can be traced back to the Han dynasty it becomes easy to understand that the way was open, whenever any one chose, to change a seal, by cutting it in relief instead of internally, into a block suitable for printing blank forms and books. The multiplication of copies by stamping followed readily from the use of a stamp to give validity, and a stamp of four or eight or ten characters might readily be expanded into twenty or fifty. So then we have in the early use of seals the ideas of official validity, of superstitious efficacy and of the possible multiplication of copies, beside the use of the seal as given to every official appointed by the Emperor.

Some one may ask what have superstitious observances to do with the origin of printing and of paper currency? To this the reply may be given that superstition makes a custom popular and often helps a good notion to spread rapidly. The Taoists were accustomed to cut seals of the wood of the jujube tree four inches square, or three and a half of our inches, and circulated them among the people to check evil influences. They taught the people to believe that there were evil influences in the air always ready to affect them mischievously, and then they provided them with guardian charms to secure them from the harm which they themselves had taught them to fear. They are not alone in thus acting, for in other countries it has happened that superstition has been ingeniously made a source of pecuniary profit by not a few. The occasions when the use of seals as proof of genuineness were required were of course very numerous. It is mentioned for instance that generals had their orders cut on seals for rapid circulation among the troops under their command. In such a case in the third and fourth centuries the writing in camp orders would be white, while the ground was black or red. All the seal cutting and the circulation of charms and of mirrors with lucky sentences and animal shapes engraven on them were in every case so much preparation for the success of paper currency when the time should come. Not only does the credit rich men possess contribute to that success, but also the invention of blank forms rapidly multiplied by printing. The blank form saves time in writing and it also makes the document more uniform, more easily tested and more readily accepted as valid when presented to a third person. The dynasty of Ch'in Shi-huang gave the use of seals to China and from that time forward the possession of an official seal became essential to each office. The Han dynasty simply followed the Ch'in dynasty rule. When this came to be the case the seal impressed with vermilion was attached by regulation to every document issuing from each officer, metropolitan or rural.

If then the Chinese in the Han dynasty had the common use of seals large and small, and if paper was introduced about A.D. 200 as we know, how long a time might be expected to elapse before the use of paper money, and the era of the printing of books? In fact seven centuries passed before books were commonly printed, and eight centuries

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before paper currency was adopted systematically by the government. The Chinese intelligent as they certainly are, and lovers of every practical improvement as they plainly are, were not at all in a hurry to print books, to save the expense of copying, or to issue government paper money to save the expense of copper or silver. What the Chinese highly appreciate when adopted they are usually very slow to adopt. This is true of gunpowder which they only began to use about the twelfth century, although they had fireworks in the sixth century. A small cause often retards the adoption of remarkable inventions. In this case it seems to have been the habit among workmen to cut into the material of the seal instead of cutting the inscription in relief. When once the thought occurred to some one that relief cutting would leave a white ground with a red or a black inscription, the path would be open for the invention of blank forms first, and for the printing of books afterwards. What Chinese authors tell us is that seals in the Han dynasty and later left the characters white when impressions were taken from them, and further that in the Tang dynasty the characters in the impressions from seals became red. The meaning of this statement appears to be that the old seals were all or almost all cut in *intaglio* and that about the beginning of the Tang dynasty cameo cutting or cutting in relief became common. This casual remark of a Chinese author throws light on the fact that paper currency began in the Tang dynasty and at the same time the period of printing books was brought so much nearer because the artisans of that age began to engrave in relief. There was in fact government paper money about A.D. 806 and there were printed books about A.D. 920.

THE HISTORY OF PAPER CURRENCY.

THE first attempt at paper currency in China of which any record remains was in A.D. 806, when bills of exchange were called "flying money." Merchants in the capital could by an ordinance then first made receive government bills in return for the merchants' copper money. On arrival at any provincial capital they could receive from the provincial treasurer the amount stated on the bill. There was a return to this system, which was a sort of banking facility offered to the merchants by the government, about the year A.D. 960. A bureau was instituted in Kai-feng-fu, then the capital, for the transaction of this business.

In 1023 Szechuen was suffering from the iron cash coinage which the government from scarcity of copper was forcing on the people there. The paper notes then put in circulation at Chêng-tu by the government were meant as a relief. They were to be returned once in three years. The idea sprang up among the rich merchants and was accepted by the government, and the merchants conducted the business. The limit of capital represented by the notes was 1,255,300 strings, a string being a thousand copper cash. In A.D. 1150 the Golden Tartars had just conquered North-China, and about this time they adopted a currency in paper because they found copper scarce. Copper, silver and gold have always been chiefly found in South China. A North-China kingdom finds it convenient to use paper so far as possible to prevent its being dependent on a southern neighbour. From this time forward, during a century of the Golden Tartars and another century of the Mongol domination, strenuous efforts were made to maintain a paper currency. Colonel Yule, Dr. Bushell and others have printed fac-similes of the notes of these periods. They are found, for example, in Yule's Marco Polo and in the journal of the Peking Oriental Society published this year All the efforts of the Government did not secure the credit of the notes at par. On the contrary, they became depreciated to an extreme degree. This, however, did not

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prevent the Government of the Ming dynasty, which acquired the sovereignty in A.D. 1368, from continuing for a time paper currency which was finally abandoned as silver flowed into the country through the foreign trade which brought to the southern ports a portion of the products of Mexican and Peruvian mines. It was American silver that gave the death blow to paper currency in China. The arrival of sufficient silver was the real relief which Chinese trade required. Notes were finally abolished about A.D. 1620. Thus the conquest made by silver over paper occupied about a century or a little more, from the commencement of the trade of the Spaniards and Portuguese with Canton.

GOLD.

GOLD has retained its remarkable pre-eminence among the metals from the dawn of civilisation to the present time. It early attracted notice because of its weight and beauty, and was used extensively, where the art of working in metals was at all known, for the manufacture of useful implements and ornaments. The author of the *Shwo Wen* writing in the second century gives the reasons for its being higher in esteem than other metals. It does not tarnish after however long a time. It does not become lighter when melted, even if it goes into the crucible a hundred times. It yields without resistance to the manipulation of the artificer. If this account be compared with that given by Pliny, who wrote a century sooner, it agrees substantially. Pliny says the superiority of gold is in its losing no weight when in the melting pot or in a funeral pyre on the occasion of a cremation. Even drawn into wire the hands are not soiled by it as is the case when silver, copper, or lead are handled. It is also capable of being spread out into thinner leaf than any other metal, and is divisible into a greater number of parts. Nor is there any other of the metals which can vie with gold in the facility with which it can be spun and woven like wool, so as to take its place among the materials which compose textile fabrics. Some of the ancient kings of Rome wore golden tunics when they triumphed; and Pliny himself saw at a naval sham fight, at which the Emperor Claudius was present, the Empress Agrippina seated beside him wearing a robe woven entirely of gold thread. This was the Empress who afterwards poisoned her husband to open the way for her son Nero to obtain the imperial dignity. It is on account of its durability and many uses that gold has always preserved its pre-eminence in market value and has always been in demand among the cunning craftsmen of every country.

When history begins in Europe and in Asia it is observable that there was everywhere a great abundance of gold. In the time of the Roman Empire it was found in Europe in the Tagus and the Po, as well as in the Hebrus in Thrace, while in Asia it was found in the Pactolus in Asia Minor. All these were within the Roman world, while beyond it the Ganges was famed for its gold. The Scythians had large quantities of gold ornaments; and it was quite easy for the Persian monarchy to use gold as a coin because of the considerable quantities at that time brought from the Ural and Altai mountains, and the rivers which flowed from them. In Spain mountains which produced nothing else were observed to produce gold, and the miners used both fire and acids to reduce the stony masses which contained the precious metal. Gold coins were cast by the Romans and on them was engraved or stamped the number of pounds they represented. They grew smaller under each reign, till in the days of Nero they became the smallest that had been known. In China the places chiefly mentioned as producing gold are Yunnan and Szechuan, Kiangsi, Canton, Kuangsi and Fukien. The Chinese collect gold in the sands of rivers. They also beat and hammer rocks, melt stony

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masses and persevere till they separate the stubborn metal from its stony envelope. Formerly they placed the ore in the fire of a furnace. They never, so far as we know, till recently used powder to cause explosions in rocks. They now adopt the foreign methods, and employ Europeans and Japanese to help them in mining operations. They also use large quantities of dynamite. For a long period gold mines have not been worked, and what gold existed in the country has been hoarded or sold to the goldsmiths to make various implements. The following story from a Chinese book may be placed alongside of Pliny's in regard to the use of gold. A Mongol Alu petitioned one of the Mongol emperors to permit him to use three ounces of gold in embroidering a pair of boots for his Majesty. The emperor said, "Certainly not. Gold should not be used in making boots." The courtier then asked for three ounces of silver thread, to be covered with gold. "No," replied the emperor, "gold and silver should only be used to adorn the head." He then asked, "What do most people employ at present as thread for embroidery?" Alu replied, "Copper thread is most commonly used." "That," said the emperor, "will do; use copper thread."

The high price of gold renders it everywhere an important standard of value, although it may not be made into money. It has always been sold by weight, and is everywhere acceptable in payment for commodities. It was in the time of Herodotus valued at thirteen times its weight in silver. It is now in the Shanghai market worth twenty-three times its weight in silver. Not many years ago it was in China valued at sixteen times its weight in silver. In the days of Herodotus gold was coined by the Persians, but its chief use in buying and selling would be as an uncoined metal in barter, on account of the small space it occupies in packing in proportion to its weight and value. At any rate its use has been of this sort in China. Gold was always in ancient times the article first in rank among the commodities bartered for grain, in Chinese markets, silver, silk, grass cloth, salt and other things coming after it. But it must have been much cheaper then than now, for Kanghi's Dictionary mentions that formerly a thousand catties of gold were needed per day for an army of 10,000 men. In that case ten men would need a catty, and each soldier would require three catties a month. Gold then must have been not only abundant but cheap. The reason of this would be in the large quantities found in the early ages of civilisation on the surface or near the surface of the earth in the beds of rivers or elsewhere in many parts of China Proper, and of the countries with which China had intercourse.

GOLD IN 1889.

GOLD has kept its price well in China during recent years. The constant demand from Europe to meet the needs of the countries that have lately established a gold coinage has had its effect on the gold market in China. Germany began to absorb eighty million pounds sterling fourteen years ago. It was done in the following manner. There were in 1875 in circulation 640 million marks of small notes, equal in English currency to 32 millions sterling. They were replaced by notes of 100 marks or above 100 marks in value that is £5 notes, and £10 notes, and by gold and small coins. Between the middle of 1875 and the end of that year notes had been exchanged for coin to the extent of £15,000,000. Paper gave place to coin in Europe just as in the Ming dynasty in China silver increased in quantity and the government found that it would be better not to issue any more paper notes. The new love for gold in Europe has influenced the most distant money markets. Consequently Peking, Chefoo and Corea are now every year sending gold to Shanghai for transmission to Europe. They are sending all they

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can and as fast as they can get it ready. Take for instance the export of gold from Tientsin. The following figures appear in the Customs' Reports and it must be remembered that it is Peking gold chiefly that is here entered—

EXPORT OF GOLD FROM TIENTSIN.

1882	Taels 574,414
1883	,, 610,022
1884	,, 112,238
1885	,, 1,781,337
1886	,, 1,875,976
1887	,, 1,706,864
1888	,, 1,398,264
1889 (six months)	,, 1,044,459

The rich families in Peking are parting with their hoards of gold because of the good price at Shanghai. Silver is cheap and all the rich property holders of China count their treasures in taels of silver. They are attracted by the gain which they can acquire by an increase in the number of taels of silver which is paid them at Shanghai for hoarded gold, since the price of silver went down. This table shews how steady on the whole the outflow now is year after year. It went on increasing till 1886. Then it declined a little. Now it is rising again. In Chinese life it is quite common for rich families to become poor. In such cases gold ornaments will be exchanged for silver. The thick needles round which women's hair is bound, their bracelets, rings, and other ornaments, if of gold, will when poverty comes in at the door, be exchanged for silver. Gold thus sacrificed may go far to pay a husband's debts. Men who are not poor will give their gold to make profit by exchange. In Peking there are likely to be many rich men who have acquired wealth in the provinces and who have for convenience carried it to Peking in the form of gold. From their hoards much of the present stream is probably supplied. They see a sufficient reason when they read in the Chinese newspapers that they can obtain perhaps Tls. 23.6 of silver for one tael of gold in the Shanghai market.

The gold sent from Chefoo to Shanghai is gradually increasing in quantity as may be seen in the following table :—

EXPORT OF GOLD FROM CHEFOO.

	Value in Hai-kuan Taels.
1881	58,348
1882	68,448
1883	48,893
1884	47,457
1885	69,520
1886	164,648
1887	140,970
1888	233,000
1889 (six months)	66,260
	897,544

The export rose until 1882. Then it declined during two years. In 1885 it rose again during three years; now it is falling. The highest amount it has reached has been about the value of £60,000 sterling a year. Books say little about Shantung gold. In the Book of History lead is the only metal found there, in the section known as the Tribute of Yü. In those days, four thousand years ago, gold, silver and copper came from southern China as tribute to the emperors, the two last coming from southern China alone. The great source for receiving gold was however the tribes who inhabited Tartary. War with these tribes in the first and second centuries before Christ brought to China immense amounts of gold. History mentions gifts made to victorious soldiers at one time of more than 200,000 catties. Of course it was a very small catty which was in use then. This was after a battle in which 19,000 of the Hiung-nu were killed. The gold would be taken from the captured tents and the armour of the slain warriors. All the gold then used as ornaments by Tartar men and women would naturally be brought from Siberia or the mountainous parts of Tartary.

The gold of Corea is partly forwarded to China, but most of it goes to Japan. In both cases it is probably sooner or later sent to Europe to meet the present demand.

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EXPORT OF GOLD FROM COREA.

		Value in Dollars.
1885.....	To China	46,100
1886.....	,, ...	218,743
1887.....	,, ...	210,294
1888.....	,, ...	348,564
1889 (six months).....		115,014
		938,715
1885.....	To Japan	388,269
1886.....	,, ...	911,745
1887.....	,, ...1,177,975	
1888.....	,, ...1,025,401	
1889 (Six months).....		339,448
		3,836,838

There seems to be no probability of a rapid increase in the yield of Chefoo gold or that of Corea. The native apathy in regard to the existence of gold in various parts of Shantung promontory is noticed by Dr. Williamson in his Journeys in North-China. Yet there is a sufficient yield of the most precious of metals, to warrant the expectation that after a time Shantung may produce gold in greater abundance. The legal prohibition to search for gold has led to the surface only being scratched. To dig beneath the surface is to deprive the land of its prosperity. This belief has influenced both the people and the government. The consequence is that more is left for the men of coming ages. In Australia the abundance of gold does not diminish as the works become deeper, and it is expected that they may be continued for a depth of two thousand feet, and gold still be found. If this view is correct China must have a good prospect of obtaining large quantities of gold in future years, not only in Shantung but in many parts of the southern provinces, and on the southern slopes of the Altai mountains in particular. The present drain of gold from Shanghai does not alarm the Chinese much, but it must later produce an effect on them. The following table shews the present condition of the export :—

EXPORT OF GOLD FROM SHANGHAI.

	Value in Haikuan Taels.
1886.....	1,746,248
1887.....	3,449,853
1888.....	2,018,899
1889 (six months)...	862,875

The maximum was as appears from these figures about eight hundred and thirty thousand pounds sterling in 1887. The amount of export is now declining. This is not because the demand in the west is less, but more probably because there is a limit to the quantity of gold which the holders are willing to convert into silver at the current price.

SILVER.

THE silver used in China as a circulating medium in her commerce has been increasing, in quantity especially, for four hundred years, and most rapidly of all during the present century. Each industrious Chinaman represents so much wealth by his labour, that is, so much silver, for silver has now for several centuries been the standard of money value in this country. The increase of population means an increase of wealth wherever there is scope for industry; and in localities where opportunity is wanting, it leads to emigration. At the beginning of the Ming dynasty, in the latter half of the fourteenth century, the public currency had fallen into a most unsatisfactory state through the government not being able to maintain the credit of the paper notes then used. Yünnan was conquered, and it contained many silver mines and these were worked to increase the quantity of silver then rapidly coming into use as a medium of exchange. We are told that in 1578 the government received from Yünnan 13,764 taels in paper money, 944 piculs of grain and 5,769 strings of shells. Two hundred years later the amount received in hemp, cloth and silver amounted to 14,801 taels of this last metal. The strings of shells used as money had disappeared. The cumbersome grain tribute in heavy bags had become changed for silver. But hemp and cloth were still received by the government tax-collector because they could be exchanged for silver and the expense of conveyance of these articles was not very great. Yet after a few more decades this mode of paying taxes

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will again be exchanged for silver, which in a country like China has proved to be the most economical form of tribute. The government in these circumstances began to prize silver very highly. It keeps its value as an article in great request for ornamental work. It is cheaper to convey than other kinds of tribute. It is acceptable in trade, and the merchant is far more willing to part with his goods for silver than for paper money. Hence the government made efforts to obtain more of it. They set criminals to work in the mines of Yünnan. This was in 1460; and they do not seem to have allowed Chinese employers of labour to manage mining operations. They considered it good policy to keep the mines in their own hands, and they ordered the high officers to report fully on any failure in the working or diminution in the yield of metal. Then in 1463 the works were suddenly ordered to be stopped, probably because of earthquakes, for a few years later, in 1511, the Governor of Yünnan sent up a memorial advising that all the mines should be stopped, on account of fresh earthquakes; but they were opened again in 1514, notwithstanding other objections which were pressed at the time, such as the gathering of a rough-spirited population at the mines, and the neglect of agriculture in the province leading to want of food to supply the needs of immigrants. At this very time American silver began to enter the country through foreign trade at Canton and Amoy. More silver was thus introduced and a real need supplied, for it enabled government to abandon both the shell currency in the south-west and the paper currency everywhere, and the merchants were very glad to see the last of the governments, and to have in their place this shining metal. Silver was now wanted by every one to keep in store or use in buying as he pleased.

The value of silver in copper cash has gone through great vicissitudes. It has been three thousand and it has been one thousand per tael. In A.D. 1696 a tael of silver was worth 1,750 cash, and it is now, A.D. 1889, worth 1,380 in the Shanghai market. In the reign of Yung Cheng, about A.D. 1730, thirty-six taels of silver were paid for a month's maintenance to twenty-one workmen at cash foundries in Yünnan. That is to say, one ounce and three-fourths of silver would then support an able-bodied workman for a month. In 1555 the casting of cash in Yünnan was commenced, on account of copper being produced there in abundance. The disuse of paper made a new supply both of silver and of copper cash a necessity, and from that time forward both metals have been needed; and when the growth of population is remembered they must still continue to be required in increasing quantity. Two centuries ago the workman could live for 100 cash a day. Now more is required, because prices have risen and every one who carries on his shoulder his baskets of market produce from his little farm to the adjoining local centre of merchandise expects more money for it than his grandfather did. The old currency needs to be modified to meet the new conditions. Copper cash are not enough for the uses of common life. Silver is required to do what the cash, through gradual sinking in value, cannot do. Two hundred cash are wanted to buy that amount of food and clothing for which in former times one hundred would have been enough. That is to say, the man who goes to market to buy must carry with him twice as much weight in copper as his great-grandfather did. It is more convenient in these circumstances to have small silver coins, and this is our convenience in the west, or small notes issued by native banks and properly stamped and inscribed may be used as they still are in Peking.

Yet small silver coins could not now in China take the place of copper cash. Copper must continue to rank in China as the most widely useful of all currencies because of the disproportion in the expense of living in large cities and in country districts, and the wide

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differences in climate existing between the north and the south and between mountain and plain in so large a country as China. That coin is most adapted to China which has the most minute divisibility. A dollar which is now worth 3/3d. is divisible into a thousand separate coins composed of a mixture of copper and zinc. It suits the prices of marketable articles and the incomes of the people to retain this subdivision in current coins. Even silver is circulated in very small lumps as well as in large ones, and the small hand steel-yard used in weighing it is subdivided into hundredths of an ounce. Such a steel-yard is part of the kit of every traveller, as a check on the weighing of the money shops.

THE SILVER MINES IN YUNNAN.

YÜNNAN is the Chinese province in which gold and silver with lead, copper and tin are found in the greatest abundance. When forty years ago the Cabinet Council was ordered to consider all available ways and means for replenishing the treasury and to urge the improvement of the administration in matters greatly affecting the public weal, the reply of the Cabinet embraced five points. They were rivers, grain conveyance, salt revenue, taxes and duties, and finally mines. As a consequence all the Viceroys and Governors were ordered to make enquiry into the existing condition of their provinces and to report their views as to what should be done within the region over which they presided. Lin Tsê-hsü was at that time the Viceroy of Yünnan and Kweichow. It was shortly before his death. He sent officers of ability to all the mining districts, extremely numerous in Yünnan, and from their reports of the condition of the various mining industries at that period he prepared an elaborate memorial in which he gave many interesting details. The chief additions to the supply of silver from domestic sources during the Ming dynasty and under the present government have been obtained from Yünnan and of gold also. It is important therefore to know how much native silver has thus been added to the foreign silver to make up the sycee of commerce throughout China and the staple of the Chinese revenue. Taking the yearly amount estimated by the Board of Revenue as that which the government should receive from sixteen mines in and after the year 1811 at Tls. 26,550, it appears that since that time till now the sycee of the country should have been increased by two million and a quarter taels sent to Peking from Yünnan. To this should be added the amount spread among the people by the miners, whether labourers or employers of labour. The government share is 15 per cent. and the annual output, as estimated by the Board of Revenue in 1811, was therefore Tls. 177,000 of Yünnan silver. This would accumulate annually and in seventy-eight years would increase the stock of silver in the country, embracing that used in the arts with that employed as a currency, to the extent of Tls. 13,806,000. Yet forty years ago when Lin-tse-hsü prepared this memorial he reported that one of the sixteen mines was then unproductive, so that he rated the annual output at one sixteenth less than the Board of Revenue estimate in 1811. Making a reduction of Taels 800,000 on this account we have thirteen millions as the native yield of silver from the mines of Yünnan since 1811.

The locality of these mines is principally in the north-east, south-east and south of the province. The great earthquake of a few years ago shook the centre and it would appear therefore that the productive gold and silver mines of that large and thinly peopled province are on the outskirts of the earthquake region. It is an interesting question whether there is any geological cause for this. It might be conjectured that when liability to earthquakes coincides with mines of the precious metals in one locality, the existing veins of gold and silver must have been thrown

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up from their subterranean source at a later date than similar veins in localities which are and have long been free from disturbance. The most notable earthquake region of China at present is in a line north and south from Yünnan to Kansu, inclusive of both these provinces. Geology has taught us that the Himalayas are the newest of the great mountain chains of the globe. The rich store of the precious metals in Yünnan may have some connection with the great Himalayan upheaval which found its eastern limit in the province of Szechuan. Wherever there is a vein of metal there must have been first a fissure produced in the rock where it is found into which the molten metal from below could be poured as into a mould by the upheaving force.

Lin Tsê-hsü speaks in his memorial of the discovery marks which guide the miners in their search for new veins of gold and silver in Yünnan. When the Cornwall miners notice in some new locality small masses of rubbish in which a little metal is seen they call this a *shoad*. The Chinese call it *miau*. It is the end of a vein which may be uncovered by the miner with his tools and he then learns in what direction the vein of metal runs. The approaches to the *miau* are called *yin* and the Chinese in Yünnan have a proverb which says that "when one mountain has ore a thousand mountains have the *yin*," or leading indications which conduct to it. *Yi shan yu kung, chien shan yu yin.* Our English word load in "loadstone" has the sense of leading also and its use is analogous to that of the Chinese miners' word *yin*. There are in Yünnan many abandoned mines. Some mines that still yield a little are closed officially because the yield is not sufficient to pay expenses and allow the Emperor to have the fifteen per cent. which the law requires. Some mines are entirely official and all that is yielded goes to the government, working expenses being deducted. When there is a prospect of the successful working of a new mine, a petition announcing the fact and asking official permission is presented. The number of persons who may dig for the precious metals is limited by the consideration of the extent of the metalliferous locality. A thousand persons must not be allowed to gather where only a few hundreds can gain a living by digging. As to the case when any mine does not yield its quota for Peking, the high officials are allowed to supplement the deficit by the surplus of some other mine. The government will be satisfied if at the appointed time they get the whole amount fixed by law. When this energetic Viceroy, so renowned on account of his destruction of several ships' cargoes of opium in the Canton river a few years before, was sent to Yünnan, he at once commenced diligent enquiry into mining operations and he was prepared to make a full report when the edict requiring it arrived. He had already his emissaries distributed through all the districts collecting facts. The last part of the report gives the rules which he recommends for adoption. They are:— first, the removal of the prohibition to mine for lead. In ten catties of lead he mentions that six or seven mace of silver could be obtained. Secondly, there should be the cutting down of superfluous expenditure. This improvement was needed in mines of all the five metals because an absurdly complex system of payments and obligations at the mines had grown up. Thirdly, strict discipline over the miners was called for. Among them for one honest man there were eight or nine dishonest ones. It is essential to have officials present to control the miners and punish offenders with the cangue and the bamboo. Fire-arms must not be allowed within the mine gates. Fourthly, it is necessary to take precautions against fraud. The people who collect at the mines in Yünnan form brotherhoods and have shares. There are men among them who bring a sample of ore, exaggerate the prospect of gain from working the ground where this ore was obtained, and mislead others into taking

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shares in a worthless claim. A strict surveillance needs to be kept at all the mines for the prevention of malpractices.

COPPER CASH.

THE older books written by Chinese archæologists on the history of *cash* contain at the beginning examples of money professing to come down from the primitive ages. Some of them belong to Fuhi and others to Shennung. The foreign collector of *cash* ought to know, if he has such coins in his cabinet, that this immense antiquity is given to them by mediæval mythmakers. The best modern numismatists do not recognise such a claim. Yet they appear in a book of so much authority as *Hsi Ch'ing Ku Chien*, compiled by an imperial commission and published A.D. 1749. They chiefly belong to the age of Mencius or thereabouts. Seven hundred years ago when the capital was at Hangchow the first complete book on Chinese coins was published. Since that time archæologists have been numerous and a persistent effort has been made to collect newly found coins. Builders of houses and walls, countrymen at work in the fields, restorers of bridges, and diggers of canals in any part of China, from time to time meet with old cash which are added to the current coins in circulation or are sold or presented to local numismatists. There never has been a law against the use of old cash mixed with the new, nor has there been any official effort made to collect them, and in consequence it is an everyday occurrence to meet with coins made a thousand years ago. The traveller in China does not know, unless he examines carefully, how many relics of distant centuries constantly pass through his hands or through those of his "faithful Achates.'

The chief interest attaches to coins of a time anterior to the bookburning B.C. 211. That was the period when literature and the arts and sciences took a mighty spring upward. It was the time when great books were written destined to be ever after preserved by a grateful nation as those precious heirlooms which a mad conqueror in his enmity against the sages failed to destroy. The coins of that time are indicators of progress in commerce and the arts in various localities of northern China. We may consider it as proved that bronze casting and the manufacture of iron implements as well as goldsmith's and silver-smith's work were well advanced long before Confucius. The history known as *Kwo yü* shews that this was the case in regard to work in bronze. But cash were cast before B.C. 524, for it is recorded in that year that larger coins than had been before made were then cast in Honan on the banks of the Yellow River by order of the Chow emperor. From the collections of the numismatists it appears that a square hole in the middle and a legend of two characters were in use as early as this in Chinese coins. *Hwo* was the word for "money," meaning that which is changed (*hua*) for something else. *Pao*, "valuable", was prefixed to it. But coins must have existed before this, and in the Han dynasty it was fully believed that Kiang Tai-kung, the chief minister of Wên Wang in the 12th century before our era, introduced them in Shensi when in office and afterwards in Shantung when he retired to his principality. His special repute is for advancing commerce and it was under his fostering care that the salt trade of northern Shantung came to exercise a decided influence on the development of internal commerce in ancient China. The history of Pankoo ascribes to Kiang Tai-kung the origin of round coins as distinguished from knives and pieces of cloth. We may adopt this view and may connect it with improvements in metallurgy and new acquisitions of foreign knowledge at the beginning of the Chou dynasty. If Kiang Tai-kung is rightly credited with the origination of round cash, the period of that improvement is then fixed to the 12th century before our era. Yet it may be that he is credited with it because he

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promoted trade and was possessed of political sagacity shewn in various useful measures. If at any time between the eleventh and fifth centuries before our era the coins called *cash* were introduced by any statesman in northern Shantung, whose name did not shine out with lustre in history, it was very likely that the improvement would be attributed to Kiang Tai-kung. It would be by a suggestion from the strings of sea shells then used as money that the idea of a hole for stringing the new copper coins would be most probably derived. Further it would be before the time of Kwan Chung, the great administrative statesman of the seventh century, for in the book purporting to be written by Kwan Chung, there are several references to the coining of cash, but the compiler does not attribute the invention to Kwan Chung himself. Perhaps in these circumstances it may be best to assign the first round metal coinage to about the ninth century, the age of Siuen Wang, when the country was prosperous and wars were conducted successfully. But this may be too late, and there is really no very strong reason based in the old literature of China why to Kiang Tai-kung the honour of introducing a copper currency should not be assigned. The remarkable old work *Chou-li*, in describing the administration through all its departments mentions among them a cash office for the manufacture and issue of cash. But this book was probably small at first and its bulk increased from one period to another, and this particular statement may have been inserted, we know not when, by some unknown official. We must wait for more discoveries from underground. The railway from Peking to Hankow will in Chihli and Honan proceed through a country occupied by a people who for four thousand years at least have ploughed and sown the land, carried the produce to market, exchanged it for something necessary for use or ornament, and returned to their homes with their new possessions. The railway works may anywhere in that region, "rich with the spoils of time", yield interesting treasures which will throw light on the past. Should there be a line made from the city of Confucius, or from Taishan to the north of it, to Tientsin, it would bisect the very territory which belonged as a feudal fief to the traditional founder of the copper currency of China. As about many other ancient matters, so on the question of the origin of this currency, our successors will know with certainty what now cannot be determined.

SHANGHAI AS A MONEY DISTRIBUTOR.

THE *Customs Gazette* gives increased facilities in its newest form for observing the part taken by Shanghai in receiving and distributing treasure. The treasure tables of the *Customs Gazette* mark the movements of gold, sycee, dollars and copper cash. These four elements of Chinese currency are not only constantly circulating from hand to hand. They are a part of the freight of steamers bringing profit to the merchant, and as such find their place in the quarterly returns of trade of the Imperial Maritime Customs. The most striking feature is the flow of dollars to Shanghai, which at present amounts to about five millions in three months. Against this large amount only about 80,000 are sent away again by steamer. The five millions, in addition to the facility they give to Shanghai for conducting commerce, as for example in buying sycee to send to the north, go to increase the circulating medium in the silk districts, in Soochow, in Hangchow, and in other large cities of Kiangsu and the adjoining provinces. Of the five millions, more than three come from Hongkong and Macao and 170,000 direct from America. Ningpo sends more than half a million dollars to Shanghai in three months, while Wênchow sends 120,000 and Foochow 150,000. Amoy and Swatow together

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part with 350,000 more. There is no corresponding movement of dollars to or from the ports of the north or of the Yangtze river. This constant flow of perhaps twenty million dollars a year shews that central China, especially in its eastern part, urgently needs dollars to assist in its trade. There are parts where the Carolus dollar is in demand and the Mexican dollar is not wanted, but in the rich Soochow plain a decided partiality is shewn for Mexicans. In Foochow a million dollars were parted with to Hongkong during the last quarter, shewing that north Fukien is willing to lose that amount from its currency for the sake of the opium smoker's gratification. Foochow imports 1,100 piculs of Indian opium in three months. The fact is similar in Formosa; Tamsui sends in three months 50,000 dollars to Hongkong, and Takow as many more. Formosa must have her thousand piculs of the Indian drug in one quarter of a year and diminish her store of accumulated wealth in proportion. Very likely the $200,000 which Formosa sends to Amoy may also be chiefly set down to the love of opium. The Chinese in Formosa have now smoked opium for more than a century and a half, for it must be remembered that the first imperial edict against the sale of opium for smoking was made because of the spread of that habit in Formosa 160 years ago. When Amoy and Swatow present their statistics, export of dollars to pay for opium is still the chief fact calling for remark. This is not so much in regard to Amoy, which sends only about $20,000 to Hongkong; but in Swatow no less a sum than 700,000 dollars is parted with from the people's store, chiefly, it must be supposed, to obtain opium as an indulgence; for looking into the table of imports we find that Swatow received 1,859 piculs of opium from Hongkong, and paid 57,000 Haikwan taels of opium duty. Opium then is the great deranger of finance in the eastern portion of Canton province and the neighbouring part of Kiangsi. In Canton city, representing the central and northern portion of the province and the adjoining prefectures of Hunan and Kuangsi, the most striking feature is the absorption of dollars from Hongkong, amounting to more than a million during the last quarter. The receipt of opium from Hongkong was during the same time 3,300 piculs. The people there want dollars and will not part with them, preferring to pay for opium in other ways. Hainan is like Formosa in its habits but on a smaller scale. parting with $150,000 to Hongkong in return for 160 piculs of opium. So it is with Pakhoi, which, situated on the south-western coast of the province of Canton, sends $240,000 to Hongkong, receiving from it in return 280 piculs of opium. Thus the regular growth of trade allows the Kiangsu people to absorb twenty millions of dollars in a year to facilitate the operations of commerce, and those of the Canton region about four millions. In all at the present time China is absorbing somewhere about twenty-four millions of dollars in a year, so far as we can judge approximately by a single quarterly number of the *Customs Gazette*.

In regard to gold, at the present time Shanghai is sending away every three months to Europe an amount whose equivalent is 187,000 Haikwan taels and to India 280,000 Haikwan taels. Including smaller amounts such as 20,000 taels' worth of gold to Hongkong, China is at present parting with hoarded gold and the produce of mines to the extent of about two million Haikwan taels in a year. All this or almost all comes from the north. There is 131,000 taels' worth from the Manchurian gold mines, and fifty-seven thousand taels' worth from the Chefoo gold mines, but the main part of the export is from Peking, which amounts to five hundred thousand taels. There is evidence here that the European demand for gold affects the rich families in Peking to this extent at the present time, and wealthy people among the higher classes are learning now to

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study the rates of exchange, and make profit by the diminution of their gold hoardings. According to the tables Shanghai has received other amounts of gold during the quarter to the extent of 77,000 Haikwan taels. This is chiefly from Corea, which has sent from her gold mines 254,000 dollars' worth of gold, of which 134,000 went to Japan and 120,000 were shipped to China. Thus it appears that the Corean gold mines are the most productive at present and next come the Manchurian.

In the northern provinces dollars are very little known and silver is the favourite medium of payment for commodities. In consequence of this, Shanghai sent to Newchwang during the quarter half a million taels of uncoined silver to pay for beans, oak-leaf silk and gold. To Tientsin Shanghai sent 575,000 taels of silver to pay for samshu, straw-braid, boots and shoes, gold, wool, felt, skins, and medicines. To Chefoo she sent 86,000 taels chiefly for beans, beancake, vermicelli and gold. Up the Yangtze river Shanghai sent during the last quarter 400,000 taels to Hankow to pay for tea, tobacco, medicines, silk, oil, vegetable tallow and wood. She also sent 53,000 taels to Ningpo, receiving in return tea, medicines, silk piece goods and fish. Shanghai has during the closing months of last year also been sending to Europe and India 68,000 taels of silver each. Should any one ask from what places Shanghai received the silver amounting to nearly two million taels which she has distributed, it may be replied that 870,000 taels came from America and half a million from the Straits Settlements. Hongkong sent her 70,000, and Japan 180,000. Of the river ports Chinkiang sent her 40,000 taels, and Wuhu 60,000 taels. But Shanghai sends away by steamer much more uncoined silver than she receives. The difference for three months is not less than a million and a half taels. She therefore draws upon some hoarded stock of silver near at hand. The key to this is found in the circumstance that dollars are rapidly taking the place of sycee silver in the hoards of Kiangsu people. The northern trader likes uncoined silver best and he obtains it. He can conduct his mercantile transactions without the dollar. So with the Hankow trader. The native owners of medicine and tea prefer sycee to dollars, and Kiangsu to please them makes an exchange of hoarded sycee for dollars whenever the supply from America and the Straits proves to be insufficient. At the southern ports too, when there is an export of dollars this is the most likely to be the reason. It is not that the southern merchant begins to tire of dollars or that the southern provinces cease to absorb them; the cause is partly found in the demand for sycee at Shanghai. When western and northern commodities are brought there by steamers, Shanghai has to pay for them in a currency acceptable to the northern and western trader. Sycee is bought with dollars in Shanghai, where the bankers can find it in the neighbouring cities. Thus Swatow, longing for opium and partly to pay revenue, sends 420,000 of her hoarded dollars to Hongkong to buy it, and Hongkong ships them as revenue to Canton, or as cargo to Shanghai. There the banker changes them for sycee, which is preferred to dollars at Newchwang, Tientsin, and Hankow. In the three Manchurian provinces represented by Newchwang foreign opium is not wanted, and hence the people there are able quietly to absorb about two million taels of sycee silver in a year in return for their produce, and as a fund to buy cotton goods from England and America. So it is with Tientsin. Sycee there is changed for wood, gold, felt and skins. Hankow in the same way pays her tea cultivators with the sycee which Shanghai sends. Thus Shanghai is shewn to be the real centre round which the money circulation of the whole country revolves. Shanghai stands between the north, the west, and the south, and adjusts the money circulation so as to satisfy the demands of each.

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THE OPIUM DRAIN OF SILVER.

POLITICAL writers in China for more than half a century have constantly repeated the statement that opium depletes the national store of silver. They continue to do this down to the present time and there is no doubt that the statement is true. The confirmed opium smoker cannot wait for his gratification. He must enjoy it every day at a fixed time. If he does not possess the necessary silver he must beg, borrow, or steal. This he will do through the imperious demands of a depraved appetite. A victim to a bad habit, he does not yield to the argument of the reasoning faculty; as it is with one so is it with millions. When an immense number of individuals daily insist each of them on the expenditure of a small amount of silver which is rapidly exported to foreign countries, the silver question comes necessarily before the attention of the government. The governing authorities in their care for the country's interest are obliged to consider what can be done to prevent the constant outflow of silver. Not being able, as they supposed, to destroy a bad moral habit, they first tried to check the impoverishment of their country by destroying an enormous quantity of opium while it was still the property of foreign merchants. They would have done far better to have bought it all at its price and then destroyed it. This would have saved a war. Since that time the native growth of the poppy and the manufacture of opium by the Chinese themselves have been extending so greatly that now every year the region which makes use of opium from India is contracting. The contraction of the area, however, is somewhat slow and irregular.

At Ningpo the import of Indian opium in ten years has sunk from an annual amount of 8,000 piculs to 6,000 piculs. But Shanghai still imports 17,400 piculs, while seven years ago the amount was 13,000 piculs. Seven years ago Shanghai and Ningpo imported in all about 21,500 piculs, all apparently for local consumption; at present they require 23,000 piculs. There is an advantage in linking together the amount received at these two ports for local consumption, because Shanghai now sends opium direct to Hangchow which city was formerly supplied from Ningpo. In Soochow, Hangchow and the other cities of the two provinces of Chêkiang and Kiangsu, the consumption of Indian opium is still therefore increasing. It is not here that the competition of the native drug is at first view very perceptible. In 1873 Shanghai and Ningpo required in all 20,000 piculs. If we take the river ports together, the opium of India was imported in 1873 to the amount of 19,000 piculs. In 1879 that amount was still required, and also in 1884. Since that year the amount has declined. It fell to 17,000, then to 16,000, then to 15,000, then to 11,000, and now it is 14,000. From Chinkiang west to Hankow the people use one third less of Indian opium than they did eleven years ago. Here may be seen the gradual triumph of the government policy on the opium question. The people in Kiangsu, Anhui, Kiangsi and Hupeh smoke as much opium as ever, and more than ever, but they only buy Indian opium to the extent of Tls. 5,300,000, whereas eleven years ago they spent on this indulgence Tls. 7,200,000. Of the 5,300,000 taels the Chinese government gets nearly a third, and the remainder is lost to the country and is devoted to the relief of Indian burdens, to the support of the native Hindoo cultivators, and the maintenance of the government of India. The results will be somewhat different if we class Chinkiang with Shanghai and Ningpo and throw Wuhu, Kiukiang, and Hankow together. The fall of the Chinkiang import has been very rapid. In 1884 the import there was nearly 11,000 piculs. It has now fallen to 4,000. This must be partly because Shanghai now supplies many smokers who formerly were provided for through Chinkiang. If we include Nanking in one category with Soochow and Hangchow, as we must do if we place

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the imports of Chinkiang, Shanghai, and Ningpo together, we have another advantage. The chief seats of the cultivation of the mulberry and of the silk and satin manufactures are thus combined in one set of figures. In 1873 then, the silk country of China used 36,000 piculs of opium. In 1888 the amount was 28,000 and last year it was 26,000. That is to say, the silk districts have within seventeen years changed the use of foreign opium for that of the native product to the extent of one fourth of the whole amount used by them seventeen years ago. Their expenditure on foreign opium has been reduced from 13 million taels to 10 million taels. Nothing will induce the statesmen of China to alter their opium policy after such results. After a few years they will have the courage to tax the native drug heavily, but for the present they have a firm conviction that it is their duty to prevent their people if possible from enriching India at the rate of 32 million taels a year. If they will injure themselves physically by smoking opium, let them at least smoke the native article. By classing together the three river ports above Chinkiang, we learn that whereas in central China 8,500 piculs of foreign opium were used seventeen years ago, the quantity required now is only 6,500. That is to say, nearly one-fourth of the smokers there have adopted the native and cheaper article instead of the dear Indian product. Probably we have here arrived at a law of change which may to a great extent justify the prediction that in about fifteen years more, if diplomacy makes no more changes, the whole Indian import will be less by one-fourth or one-third than it now is. The central provinces will then lose to India three millions taels per annum less than at present.

In Peking and Tientsin the people still love foreign opium, but the use of it all over the north is steadily declining. In that part of China the effect of the import of this drug on the currency has never been very great. But it has been sufficient to prevent unanimous action on the part of successive governors of the northern provinces in preventing resolutely the cultivation of the poppy. They preferred that evil to the increased use of the Indian drug. To stop opium smoking as a vice was they thought impracticable, but at least they might prevent the silver of the people from being carried away to foreign lands to buy a drug which wastes their resources and impoverishes the country.

OPIUM DRAIN OF SILVER FROM SOUTH CHINA.

To understand the relation of currency to opium in China it is quite requisite to consider the trade of the southern ports, separately and in groups. The market rate of opium may be $500 a picul or $600. Let us take it at $500. Then in a small port like Pakhoi, on the west coast of the province of Canton, a thousand piculs of opium in 1889 cost the people there $500,000. They buy the cheaper kinds. In the year before last they bought 1,100 piculs and in 1885 the amount was 773 piculs. How is this paid for? In 1889 Pakhoi sent to Canton *viâ* Hongkong and to Hongkong itself $600,000, and the value of the imports and exports together was about six million dollars. If the profit made on this sum was no more than ten per cent, nearly the whole of it was covered by what opium cost. They threw away five-sixths of their profits for the gratification of smoking. The principal exports from that port are liquid indigo, hides, sugar, aniseed and tin, and the people, if they must injure themselves, can afford to gratify their appetite in using the opium pipe when the industries which prepare these products for the market are thriving. There are four other ports in the province, namely Canton, Lappa, Kowloon and Swatow. Let these be grouped together. They imported last year the large amount of 23,000 piculs of opium.

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For this enjoyment they parted with at least $12,000,000. They have a fancy there to buy a considerable quantity of Malwa, the dearest kind of foreign opium. The quantity consumed in previous years was reported as 8,000 piculs, or in one case 10,000. At other times it was not more than 4,000 or 6,000. A large amount of smuggling then existed. There is now much less smuggling because it has been rendered extremely difficult by the new system recently put in operation. We are in a position at present to know much more accurately than before the laws of the distribution of opium and its effects on particular localities. It may be said in regard to Canton itself, on account of its numerous industries producing in one year $40,000,000 worth of exports and imports, that its population can better afford to pay for their opium pipe than the population in districts where these industries do not exist. The value of the exports and imports at Swatow last year was $21,000,000, at Lappa five millions and at Kowloon eighteen millions. Out of the eighty-four millions of dollars represented by these figures the owners consented to lose one-seventh for the luxury of opium smoking.

Do the profits made by the sugar industry in Swatow, joined to the other rather limited paper and cotton weaving industries, at all justify the people in that part of the province in their heavy expenditure? We cannot but admire the many forms of mechanical skill which flourish in the city of Canton and its neighbourhood. The favourable position of the city led to their introduction. Foreign trade created a demand, and the ingenuity of the people assisted in the origination of a great variety of useful trades. Tea and silk are both produced there. Chinaware and grass cloth, printed books, mats, fireworks, paper, tobacco, sugar, sugar-preserves, and packing cloth, all figure to a considerable extent in the exports. There is also a large seafaring population, bold and patient, and there are workers in silver and gold, glass blowers, brass founders, artificers in ivory and in jade stone, and makers of every sort of clothing. Only a city conveniently situated for commerce on an arm of the sea with good shelter for ships could develop all these trades. In addition this city is the seat of government and as such a centre to which taxes flow from all the cities of the province. Here, too, the graduates pass their examinations for the second degree. All this has tended to raise the standard of education and contributed to render the people well-to-do. While other southern ports part with dollars, Canton absorbs them. The multiplicity of her commercial products allows of this, and the constant drain of silver to Peking or elsewhere in the form of revenue increases the absorption of dollars. Last year, for instance, the city of Canton absorbed 2,700,000 dollars. Under the direction of the treasurer the dollars he received would need, if intended for the north, to be first melted down and made into sycee or exchanged for sycee by bankers. In contrast with Canton, if we consider the character of the Swatow population we find that excepting the cultivation of sugar, some grass cloth, paper and cotton cloth, they shew but little active industry. They are indeed strong and active as day labourers, and the native employers of labour have adopted steam machinery for refining sugar, but the labouring class have not risen to any repute for successful ingenuity as is the case at Canton. Yet Swatow needs in a year 7,000 piculs of opium, and the people there are very fond of Malwa. For this poor gratification, costing them $3,500,000 in a year, they bear the tropical heat of the sugar plantations over a tract of country large enough to produce six million dollars' worth of sugar in a year. What is needed in the region to which Swatow belongs is an active anti-opium propaganda, and the wide introduction of useful trades suited to enrich the people and increase the revenue of the State.

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In this way habits of ingenious industry would take the place of the indolence and inefficiency caused by opium smoking. If the silk industry were introduced the climate would probably be found, as on the West River near Canton, very suitable. Tea should be cultivated in hilly districts. The manufacture of cotton cloth by western machinery should be introduced. Workmen there have a very fine physique. The opportunity should be given them to learn to manufacture articles of daily use which they now buy from elsewhere. As to opium they should be persistently taught not to use it. This can only be done by religious and moral teaching. Without these, laws and treaties become a dead letter. They will not submit to be restrained till the convictions of duty and self-interest are thoroughly aroused.

Chinese writers are constantly saying that the purchase of foreign coal from Japan and England causes a drain of silver. So they say also of English sheetings and American drills. Money leaves the country and makes it poorer than before. The Chinese will now feel this more strongly than hitherto because the production of silk and tea have become appreciably less profitable to them than they were. Thus they will be driven inevitably to the expansion of their manufactures and mining operations. But to adopt the same policy in supplying the demand for opium by a native product is a great error, however successful it has been of late years. They will be compelled to return by the way they came, and that after no long time. To prevent the opium drain of silver from the southern provinces the true policy is, not to meet the demand for this narcotic by an increased native production, but to encourage an anti-opium smoking propaganda. Smokers are, in the six provinces where foreign opium is still preferred, twice as numerous among the commercial classes as among the labouring classes. Nine in ten of the labourers are probably still free from the vice. Great efforts should be made to cure the victims in both classes and save the enormous number of occasional smokers who are always approaching the day of helpless enthralment. The governing classes must hold out encouragement to their foreign friends to assist them in this necessary propaganda.

IMPORT OF SILVER AND COPPER TO CHINA.

SILVER by weight is money, just as coins weighing each the same quantity of silver are money. It is the large extent of the commercial area of China that has hitherto prevented the adoption of a national coinage. Local rules of trade are fixed by commercial guilds; and guilds in different provinces take divergent views. There has been a good deal of caprice in the adoption of certain dollars. Certain guilds formerly favoured the old Spanish dollars. Others have favoured Mexicans and others chopped dollars. Each Viceroy and Governor has the assistance of a Treasurer; and each Viceroy, Governor and Treasurer is a new man from another province in every instance, and he is appointed in Peking on account of favourable influences which are there paramount at the time. The Treasurer and the higher officials being new to the province find it advantageous to be in amicable relations with the commercial guilds. The officials are fresh to their work and are open to adopt the local policy, which is determined by the combined power of the native merchants in the form of guild action. Thus each great commercial city is like a small kingdom with a commercial parliament in which self interest and local predilection are dominant. In these circumstances the form of money in which all can best unite is silver by weight. The importation of American silver during and since the Ming dynasty has been the unfailing stream by which the ruling currency of China has been kept in a flowing condition. America has itself used half its production in its

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internal coinage or in storing up bullion. A hundred and thirty years ago the population of China arrived at the portentous height of two hundred millions, and it has been growing ever since. All this time commerce has been extending and the rich men have been growing richer. More silver therefore and copper also are constantly required. The merchants want them in the cities and the Government wants them in Peking. The quantity of new metal required is in exact proportion to the growth of population, to the activity of merchants in extending their trade and to the energy of the Government in coining and in public works. The absorbing capacity of China for foreign silver and copper is therefore always on the increase, because the population never stops growing, the commercial classes like to extend their trade, and the Government are compelled by passing events to institute expensive public works.

The cry of China for more silver and her dislike to the loss of it is a necessary instinct. Whether the silver be coined or uncoined does not much matter. It is the metal that is wanted. The market demand for silver coined or uncoined must in these circumstances continue without any great interruption. As to the relation of silver by weight to Chinese internal trade, it is so far like that in kingdoms where silver dollars are the currency, that paper packets of the metal are in established use as money in making payments over an immense region of country. Taking China in its entirety, silver by weight is the dominant currency for large purchases. The smaller half of the country uses dollars in place of silver, and as more dollars are imported this area is constantly increasing. If the present importation of dollars continues, the region of dollar currency will gradually extend from the provinces where the import exists into the provinces which lie adjacent. The present residuum of chopped dollars will not increase but rather disappear. Good dollars will advance and attain a more extensive circulation as trade becomes yearly more active. But should the Government adopt dollar coinage, this tendency would be accelerated. The cheapness of dollars has enabled China to increase her circulating medium very conveniently to herself during the last few years. While she can get such good dollars at such a cheap rate as she has been receiving, why should she trouble herself to have coins of her own? The import of silver will go on for the present, although the price of silver is rising. The trade of the country wants it. China cannot produce her own silver. She must use that of foreign countries; and, among them Australia, Mexico and the United States must occupy the position of chief importers of silver to satisfy the ever growing demand of China for her internal and foreign trade. India requires for her coinage the equivalent of 45 million dollars a year. There the currency expands as trade increases. China lags behind India, but she also is on the ascending grade and needs annually more silver to use in the employment of labour and in the purchase of native and foreign goods. If the dollar rises in value and costs her twenty per cent. more, she will buy a smaller number of dollars, but she must still buy because she is, like India, always needing more silver.

China is also always needing more copper cash, and this the Government undertakes to supply. During the present peace trade cannot but continue to flourish. Commercial transactions are larger and more numerous in amount. Silver meets the greater trade necessities, and wholesale dealers are able by means of it to complete their daily business. But copper is also required in the form of cash for the small transactions of the market and the shop. China is striving to meet this need by coining new cash. Enough copper is being imported in a year to make more than four million cash, if we suppose the cash to be pure copper and no alloy to be included. In fact,

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however, an immense quantity of copper is used in the arts, and a large percentage of zinc is mixed with copper in making the coins which are now being produced in various parts of China. At present the Peking coining is specially energetic. Yet all the new cash made are not enough for the demand, and Japan contributes a share from her cash, as does Corea also to swell the total. China refuses nothing good. She can allow foreign cash to circulate with her own just as she welcomes foreign dollars to meet her ever growing needs. It is a good thing to encourage the import of copper cash, from countries where copper is cheap, and it is for the interest of China not to prevent this.

NATIVE SILVER.

THE present supply of new silver in China is chiefly from foreign countries. But there has always been in the country itself a certain limited production; and the whole mass of silver now in use in the currency must be regarded as much less than half native and much more than half foreign. It was when the population was one-sixth of what it now is, about 500 years ago, that silver began to be regularly sent to the capital as a representative of the taxes from the provinces, and gradually took the place of paper money, which had followed on the invention of block printing in the tenth century. The population being many times smaller there was much less spinning and weaving done, much less grain grown, a much smaller boat population, a much smaller number of shops and a much smaller class of commercial travellers. Yet when the demand was limited there was never enough silver to be used as a current representative of commodities and other property. It was never sufficient to be employed along with copper cash as now. The scientific traveller Richthoven, when describing the productions of Yünnan in 1872, says that the supply of silver from native sources in that province was at no time large. He was persuaded that Chinese native silver came mostly from Yünnan or from Weining-chou in Kweichow. He was told that the Kweichow silver ore was very rich, of a black colour, looking like coal, and very plentiful. But the difficulty of procuring it is great. Robbers attack the miners and so also do the soldiers. Neither can the owners, the official administration nor the miners retain the silver when it is procured, on account of the anarchy which reigns in the neighbourhood of the mines. Armed bands have too much their own way there. This is not the only difficulty. We are told that in the year 1556 a mine was opened at an expense of 30,000 taels. The silver obtained only amounted to 28,500 taels. The result was too discouraging to allow of the enterprise being continued. Richthoven shews that gold occurs in China in very many places but not in sufficient quantity to render the search for it remunerative. It is true of China as of many other countries that gold and silver are found in not a few localities. But in regions where wages are high, the occupation of washing for gold does not attract workmen. It pays them too little. In China wages are very low because the population is large, and in consequence gold washing is much more common there than in countries where wages are high. But in fact wherever gold and silver are found in China it is in very small quantities. Mr. R. Pumpelly has printed a list of sixty districts where gold is a product in China. In topographical works, the existence of gold in any place where it has once been found is sure to be mentioned because it is a sign of good luck to the neighbourhood. The Red Book mentions silver as a production of Ningyuen Fu in that part of Szechuan which borders on Yünnan. Lienchow in Canton province also counts it among the native productions. Another district very near Canton still produces silver. It is called Shun-tê. So also it is obtained at Shaochou Fu, a prefecture of the northern part of the province of Canton. In the south-east part of the

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same province silver is also found in the prefectures of Hweichou and Ch'aochou. In the western prefectures of Kaochou and Chaoch'ing the same mineral occurs. Some localities are mentioned in Kuangsi as argentiferous, such as Sinchou and Pingto Fu. In the Red Book it is recorded also that silver is found in Chiungchang prefecture on the upper course of the Wei river in Kansu, and on the Li river which flows from the west into the Tungting lake.

The state of matters in regard to native silver in China is on the whole that there is a hopelessly small production and that China must look to foreign countries for her chief supply. For this the present time of peace and expanding trade is highly favourable. Though the low value of silver is now a thing of the past, and the rate of exchange probably may continue to rise, China will still, while paying more for it, have to procure foreign silver by purchase and by loan, because the newly produced commodities in passing from hand to hand always require a money representative, except in cases of pure barter. The import of foreign silver must continue because, for instance, the Chinese will still wish to buy foreign artillery, machinery, cloth, watches and every sort of product made by the skilled workmen of the west. Within the period of three months the price of silver has risen from 3/6d. to 4/2d. China therefore can now buy one sixth more of foreign products with the same amount of silver than she could three months ago. This will improve trade, and as trade increases in its prosperity more silver will be required. Though the price is greater the country will still require it for its growing trade.

The hardness of metals tends to keep them in existence during a very long period, especially when they are in such large irregular lumps as we see in China. The old silver of fifteen centuries ago, as in circulation at that time in South China, cannot have entirely disappeared A large part of it must be contained in the current sycee of our time. This old silver was like that of other days, not so much the result of mining as of foreign trade. At that time Cambodia and Cochin China belonged to China and the currency of South China thus became assimilated to that common in India in those days. There are productive silver mines, too, in Cochin China, and the Chinese, while aware of this fact, tell us that before the Tang dynasty mining for silver in China is not much spoken of. The silver used was then mainly brought from foreign countries. The Golden Tartars made a steady effort to push paper money into a permanent position but failed, and the paper issued by the government was about A.D. 1225 avoided by the people, who preferred the silver which had now become more plentiful through their trade with South China and with Bokhara and Persia.* The Mahommedans of Central Asia had great facilities afforded to them for trading with China by the existence of Tartar dynasties. The Kin, the Liao, the Si Hia and the Yuen were all Tartar, and they ruled for different periods from A.D. 907 to 1368. Merchants brought silver and medicines to China to pay for silk piece goods. All this time the Canton trade and that of Amoy never rested. Mahommedan traders in the Indian Ocean were always busy securing everywhere commercial pre-eminence and, where it was possible, political power. Probably, therefore, of the old silver used in China before the Spanish conquests in America, four-fifths would be of foreign origin; and the result of those conquests has been that of the new silver circulating now in China, four-fifths are also imported from abroad, coming in the way of payment for silk, porcelain and tea.

* *Ching Shih Wen*, ch. 49, p. 6.

THE HISTORY OF SILVER IN CHINA.

THE history of silver in China shows that its value as compared with gold has fluctuated greatly since the begin-

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ning of the Ming dynasty, A.D. 1368. Rev. Peter Hoang, a Chinese priest of the Kiangsu mission, tells us that four ounces of silver were then equal in value to one ounce of gold. Silver was scarce and therefore dear, because then the trade with America had not commenced. In 1574, about eighty years after the discovery of America, and sixty-one years after the Pacific Ocean was first seen by Bilboa from the mountain tops of Nicaragua, the import of silver had been so large that seven or eight ounces of silver had the value of one ounce of gold. At the end of the Ming dynasty in 1635 gold was ten times as dear as silver. With the progress of trade, the value of silver diminished as compared with gold. In the time of Kanghi more than ten ounces went to an ounce of gold. But under Chien-Lung, about 1737, it became much cheaper. Twenty and more ounces went to pay for an ounce of gold. About A.D. 1840 silver was eighteen times cheaper than gold. In 1850 it was fourteen times cheaper and in 1882 eighteen times cheaper. On the whole it is quite clear that the value of silver if judged by gold as the standard has gone down in proportion to the growth of foreign trade. Silver became cheaper as more was imported. The discovery of the silver mines of America was therefore the undoubted cause in the main of the dominance of silver in China as the currency in all large transactions. The salaries of all officers are as a rule paid in silver, which is in fact of foreign origin. More than half of the taxes are paid in the same foreign silver. The duties at all custom-houses in the interior and on the coast are charged in the same foreign silver. For the last forty years Chinese writers have been saying, and they still say, that foreign trade deprives them of their silver and that the foreign merchant grows rich at their expense. They forget that foreign trade brought them the silver they possess, and that it is only since the great maritime discoveries made by European navigators four centuries ago that they have been able to abandon an unsafe paper currency for a silver currency of solid utility.

The value of copper cash as a medium for purchasing articles in the market has undergone a regular depreciation since the time when the Chinese had not yet adopted silver as their chief medium of currency. We may see this in historical statements by Sung dynasty authors. In the eleventh century Shen-kwo tells us the amount of tea sold in his time at the chief places of trade in Hupeh, Honan, Anhui and Kiangsu. North China depended on Central China for its tea then as now, and the Sung dynasty Emperors levied a tax on it at custom-houses in a line running east and west through these four provinces. He mentions the value of the tea sold and paid for in copper cash or its paper equivalent. The phrase *t'ung shang* of those days meant "freedom to trade" between north and south. This had been interrupted by anarchy and the Sung dynasty gave it as a boon to the people. At Kuangchou in Honan 307,216 catties of tea were sold for 12,456,000 cash. Hence we learn that forty cash bought a catty. At Shouchou in Anhui a catty was bought for seventy-four cash. At Luchou in Honan forty-eight cash was the price. At Shang-ch'êng in Honan sixty-seven cash was the price. About fifty cash a catty was expected on an average for an article which was sold in immense quantities to the northern people at that time as now. At present if we say that a picul of tea costs sixteen taels and rate a revenue tael at fifteen hundred cash, a catty of tea costs 240 cash. Thus it may be seen that the depreciation of copper for purchasing articles in the market in 800 years has been such that five cash now are required to buy what one cash would have bought then. From this it will be seen that China might easily be content with copper as a currency in the days of paper money. The country people had not any need to carry to market more than one-fifth of the copper they have to carry now

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when they wish to buy. There was also a convenient system of cash notes, tea notes, silk notes, and grain notes. These paper notes were exchangeable for so much cash or tea or silk as was mentioned on the note. So far as these were confirmed by official stamps they would obtain a wide circulation. But they were partly of course notes issued by private commercial houses.

If it be asked what are the causes of this great diminution in the purchasing power of copper cash, it may be replied that silver in the Ming dynasty became its competitor. In proportion as silver took its place, coined copper was no longer in so much request. Official salaries, for example, entirely ceased to be paid in cash. In all large transactions copper is bulky compared with silver, and it lost ground with the trader. Its value gradually fell, and when it began to tread the downward path, its pace was accelerated by the ever increasing weight which operated against its easy conveyance. If then it be asked why copper is still greatly in demand so as to be coined in Peking and in the provinces just now in large quantities, it may be answered that it is the currency of the poor as much as ever, and the increasing population must have a coin of small value to take to market. It is not that copper can ever recover its former value in commerce. That is impossible. But while the country has so many poor and while the land and other property continues through excess of population to undergo such perpetual subdivision, copper cash must continue to be a very important part of the currency of the empire, and be useful to the majority for the purchase of the small conveniences of life.

NEW SILVER COINAGE.

THE proclamation of the Tientsin and Hokien Taotai and the Customs Taotai at Tientsin in August shows that the Canton dollars and parts of dollars, made by the order of the late Viceroy Chang Chih-tung, are a legal tender in any part of China. The immediate basis of this action of the two Taotais was the order of Viceroy Li, Governor-General of Chihli. The proclamation is local, but its contents show that the new dollar has full Imperial sanction. Yet its use is tentative and this is probably one of the reasons that two Taotais were directed to issue the announcement. The words are: "The Canton local administration have purchased mint machinery and commenced coining dollars as an experiment. The Board of Revenue memorialised the Emperor on the subject and the Imperial consent was given. Li, the present Governor-General of Canton, has communicated specimens of the coins to Li, the Governor-General of Chihli, who has sent some to us with the order to issue this proclamation announcing that these coins are to be in use in future as coins of China. We have examined them and observe that they are like foreign dollars except that there is a curling dragon outside of which foreign characters are embossed. On the front are the words 'current coin of Kuang-hsü' and 'minted at Canton.' The Treasury weight of these coins is stated. Orders were given to make them in weight and size similar to the dollars common in trade, and they were to be of good metal and to agree one with another in all respects. Hence they ought to be and are now issued as current coin for the benefit of trade, as by this proclamation indicated. Orders are therefore hereby given to all merchants and others that from the issue of this announcement the Canton coins are to be taken at their standard value. Their price is not to be lowered. They are not to be refused as strange. Let all know that heavy punishment will be dealt to those who impede their circulation."

China has now, like Japan, a silver coinage of her own and the way is open for her also, if she pleases, to form a national bank, extend her silver coinage and make it the basis of a paper

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currency on European principles. This mint, however, was established later by nearly twenty years than the Japanese mint. In China changes take place slowly. The government is just now uncertain as to how far the new coins will be circulated. They may be accepted less willingly than Mexicans, and the more pure silver they contain the greater will be the temptation to tamper with them till they become like the chopped dollars of the southern ports. But this coinage is certain evidence that China is resolved to follow in the path of European progress. The Canton mint is in fact a tentative mint for China, and these coins are tentative coins for the empire.

The memorial to the throne on this subject of the Canton Viceroy with the Emperor's approval of the coinage has also been published in the Shanghai native newspapers. Thus the year 1890 is an important epoch in the history of Chinese Currency.

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